

Central Intelligence Agency

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Washington, D.C. 20505

DD/A Registry

File *Personal 9*

23 July 1977

Colonel John P. Sheffey, USA (Ret.)
Executive Vice President
National Association for Uniformed Services
956 North Monroe Street
Arlington, Virginia 22201

Dear Colonel Sheffey:

Thank you for your letter of July 6, acknowledging receipt of my previous letter to you. You have raised some useful philosophical points.

Because, as you note, this matter is receiving further consideration within the Government, we will be mindful of your observations and will take them into consideration as we participate in the overall study.

STATINTL

Yours sincerely,

STANSFIELD TURNER

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Active Duty; other personnel
and military retirees

July 6, 1977

Admiral Stansfield Turner
Director
Central Intelligence Agency
Washington, D. C. 20505

Dear Admiral Turner:

I appreciate your taking time to respond to my letter protesting your policy on hiring retirees, and I am glad to learn that your actual policy is less restrictive than reported in the news.

The CIA, with its fairly large number of retirees from the military and the Foreign Service, does have one of the more difficult problems with the dual compensation issue, and I can understand your concern. NAUS, on the other hand, is deeply concerned with the problem of discrimination against the military retiree who is forced into the job market in his 40's or 50's, often with acquired skills most marketable in other government service. Nothing in his implied contract over his twenty or more years of military service warned him of discrimination in any employment. On the contrary, the retirement benefits and opportunities were one of the greatest attractions held out to recruit and retain him as a careerist. Now, high government officials, members of Congress, and the press are crying "foul" and trying to change the rules when he proceeds to collect on the promises made him.

I have two objections to your policy. First, it is almost certain to be more intimidating in practice than your actual words indicate, and no matter how worthwhile your purposes, it certainly singles out the retired for special discrimination. Second, it seems to ignore the fact that the "buddy system" operates just as extensively among your own career people and in any other organizational group as it does among the retirees on your staff. There's no cure for this human failing, and it affects employers from presidents down to head janitors. The closest thing to a cure is to hold supervisors at every level responsible for hiring and promoting the best available people - even if they happen to be uniformed services retirees. This is all we ask of the CIA.

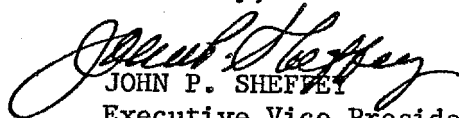
July 6, 1977

NAUS recognizes that some new limitations on dual compensation are probably inevitable. We are trying to contribute to the development of a fair and reasonable policy that does not break faith with career uniformed service people or lessen the attractiveness of a service career.

The President himself has decided that this difficult problem should be treated by his new Military Compensation Commission. We urge that you, too, suspend specific restrictions against the hiring of retirees until a government wide policy is established.

Again, thank you for taking the time to consider our recommendations. We wish you the greatest success in your difficult job.

Sincerely,



JOHN P. SHEFFER

Executive Vice President

JPS:r

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Washington, D.C. 20505

DD/A Registry
File *Personnel*

29 JUN 1977

Colonel John P. Sheffey, USA (Ret)
Executive Vice President
National Association for Uniformed Services
956 North Monroe Street
Arlington, Virginia 22201

Dear Colonel Sheffey:

I am pleased to respond to your letter of 16 June 1977 in which you quote The Washington Star of 7 June 1977 of saying I have issued orders "prohibiting new hires of military, Civil Service and Foreign Service retirees". The Washington Star report of a directive I issued on 17 May 1977 is inaccurate and I am pleased to have the opportunity of informing you of the true facts.

There is enclosed with this letter an actual copy of a personnel notice issued by me on 17 May 1977. Only internal administrative markings have been deleted. You will see that what I have undertaken is the establishment of a new procedure which must be followed in hiring annuitants from any Government service, but I have not prohibited same. I recognize my responsibilities to give consideration to hiring any qualified United States citizen for a position where a need exists. I trust, however, that you will also agree with me that I have a responsibility to our currently serving career employees in assuring that they have a capability to compete for any available vacancy for which they are qualified. In this connection you should be made aware that we have serving with us a considerable number of career employees who have retired from the military service and are performing in a fine fashion for us. Their future and career advancement is protected by the policy I announced on 17 May.

I agree with the conclusion in your letter that the issue involved is far from simple. I trust you now appreciate that I have made no "sudden and arbitrary" policy pronouncement nor have I prohibited the further hiring of annuitants. We have endeavored to recognize the complexities of the situation and establish policies which are just and equitable to employees, both current and prospective.

Yours sincerely,

/s/

STANSFIELD TURNER

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17 May 1977

HIRING OF ANNUITANTS

I am anxious to ensure that we offer good promotion opportunity for our younger professionals, and a steady accession of new career talent. To ensure that these goals can be achieved I wish to restrict lateral input of outside retirees into positions that could be filled from within our own ranks. Therefore, effective immediately the further hiring of annuitants from any Government service is prohibited unless:

- a. The Deputy Director for Administration certifies that the skills required for the task to be performed by the annuitant are not available from any currently serving employee and, additionally, the Agency would have to undertake specific recruitment to find the particular skill necessary if the annuitant were not hired, and
- b. I personally approve the hiring.

/s/Stansfield Turner

STANSFIELD TURNER
Director



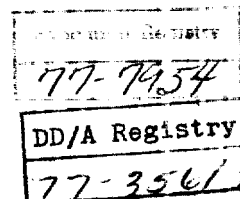
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16 June 1977

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*Active Duty; other personnel
are military retirees.

Admiral Stansfield Turner
Director
Central Intelligence Agency
Washington, D. C. 20505

Dear Admiral Turner:

The announcement in the June 7th Washington Star that you had issued orders prohibiting new hires of military, Civil Service and Foreign Service retirees made me feel like I had been shot from the rear while leading my troops in battle.

The issue of equal rights for retirees is a sensitive and complicated one, and is the subject of a lot of demagoguery that has led to hasty, ill-considered proposals in the Congress. Career uniformed people, active and retired, are beginning to feel like an endangered species. NAUS and the other military associations are doing their utmost to have the issue studied objectively, and we did succeed in convincing the President to defer action on dual compensation of retirees in the Federal Civil Service until his new Commission on Military Compensation has had opportunity to evaluate it. (See enclosed letter to The President and White House reply.)

NAUS and the other military associations are now making a major effort to head off the prohibitions on dual compensation currently under consideration in the Appropriations Committees of both the Senate and the House (see enclosed letter).

Now, without public explanation of the rationale, you prescribe a policy for the CIA that bypasses all the efforts the military associations and countless individuals are making to have the issue treated deliberately and fairly for all.

The enclosed letters and editorial from The Retired Officers Association magazine pretty well cover the history of the dual compensation issue, the case for the retiree, and refutation of the criticisms of the current system. I think the greatest single argument against precipitous action is the breach of faith with the career members of the entire active forces. You need no explanation of this. The other aspect that puzzles me personally is how the CIA can function effectively without an input of experienced military and Foreign Service people.

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Admiral Stansfield Turner

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16 June 1977

The dual compensation problem is an unavoidable by-product of the requirement for young military forces. NAUS would not be opposed to alternatives to early retirement that phased military personnel into other government agencies without retirement and loss of seniority. This, of course, would create new problems. Until such alternatives can be worked out, it is grossly unfair to change the rules for uniformed people who have looked forward to non-discriminatory treatment upon retirement and are now past the point of no return in their careers. This is the type of action that makes military people believe they need unions.

Surely, within your headquarters there has been some kind of staff paper or study treating the pros and cons of your announced policy. May NAUS have a copy?

This issue is far from simple, and I do not advocate that there be no change whatever -- only that the change not be sudden and arbitrary. I would appreciate an appointment to discuss the matter with you personally, or with someone who is responsible to you for development of your policy on this issue.

Sincerely,



JOHN P. SHEFFEY
Colonel USA Ret
Executive Vice President

JPS:c

Encl.-NAUS ltr to The President 5 Apr 77

White House ltr to NAUS 26 Apr 77

NAUS ltr to Chairman, House Appro Com 1 Jun 77

TROA Editorial "Double Dipping" May 77

HASC Chairman Price ltr to Col Sheffey 8 Mar 77



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5 April 1977

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GEN USA, Member Emeritus

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

In your remarks at the Pentagon on March 1, you made the following statement:

"I have been particularly concerned at the excessive retirement benefits that are available to those who served in the military and who then retire and get full-time jobs working for the Government itself. This is too expensive."

Again at Clinton, Massachusetts, you indicated your intent to seek special restrictions on receipt of retired pay by military retirees employed in the Federal Civil Service.

This is an issue that has received much misleading publicity which may have influenced your views. I believe that if you were provided an adequate analysis of the situation, you would be less inclined to assume that "double dipping" is in some way unfair to the taxpayer or that it can be eliminated without creating far greater problems in the long run.

The military retiree working in a second career is an unavoidable by-product of a system that forces out large numbers of men and women when their economic needs are greatest and their employability is declining. Their particular skills are often of greater value in the Federal Civil Service than in private employment. The military retirees compete like anyone else for Civil Service employment. There would be no economy in denying them their retired pay in such employment, for few would enter the Civil Service in that event. Their retired pay would continue in alternative private employment, and a substitute Civil Service employee would be paid by the taxpayer instead. The total cost to the taxpayer would be unchanged, the total number of individuals employed would remain the same; but the Civil Service would have lost the best qualified employee, and the attraction of a military career would have taken another serious blow for no real purpose.

We in NAUS recognize that the projected total obligations of the Federal retirement systems - Civil Service, Social Security,

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John Daily
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*Attorney at Law, General Counsel and
Administrative Services

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The President

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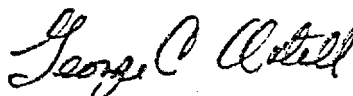
5 April 1977

and military - appear to be becoming unmanageable. We shall certainly cooperate in your efforts to bring the growth of these obligations under control in ways that do not decrease the effectiveness of the fighting forces or break faith with uniformed services personnel already beyond the point-of-no-return in their careers.

You probably withdrew from your own promising Naval career for many of the same reasons that cause young men to avoid military careers today, or to leave the Services after a trial period. You acquired some measure of wealth that now works for you as a trust fund while you are in the Federal service. The military man who stays in while others are leaving for greener fields is building up a trust fund in the form of retirement pay to be drawn upon on that inevitable day when he too must start another career. Few either can afford or desire true retirement. 69% of military retirees in Civil Service are enlisted personnel, 83% of whom are at retired pay below the federally established poverty level for a family of four. Only the most senior officers and non-commissioned officers can live comfortably on their military retirement pay alone.

I would greatly appreciate an appointment with you to discuss this matter, for I hope that you will not act upon it until the military retiree's case is fully explained to you. The NAUS Executive Vice President, Colonel John P. Sheffey, will contact Mr. Richard Reiman of your staff to determine if such an appointment can be arranged.

With great respect,



GEORGE C. AXTELL
Lt General USMC Ret
Chairman of the Board

GCA:c

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APR 27 Rec'd

THE WHITE HOUSE
WASHINGTON

April 26, 1977

Dear General Axtell:

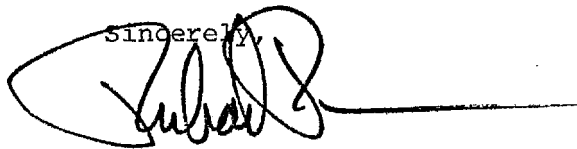
Your recent letter to The President expressed your concern that misleading publicity may have confused the dual compensation issue.

Current federal employment policy, supervised by the Civil Service Commission, is to hire the best qualified person in open competition. Retired service members with needed skills are considered for positions, without any advantage based solely on military service other than veteran's preference.

As you point out, however, dual compensation is a highly complex issue. We believe that it must be considered in the context of total military compensation. Any final decision on this matter, therefore, will be deferred until after The President's Commission on Military Compensation, which should be announced soon, completes its work.

Several potential alternatives to the present dual compensation rules which have been proposed recently will also be evaluated in conjunction with the Commission's final report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard A. Reiman', with a long horizontal line extending to the right.

Richard A. Reiman
Associate Director
Office of Public Liaison

Lieutenant General George C. Axtell
U.S.M.C., Retired
Chairman of the Board
National Association for Uniformed Services
956 North Monroe Street
Arlington, Virginia 22201



NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

956 N. MONROE STREET, ARLINGTON, VIRGINIA 22201

Tel. (703) 525-3710

June 1, 1977

The Honorable George H. Mahon
Chairman House Appropriations Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

At a press conference on May 27, 1977, you stated that the Defense Subcommittee of the House Committee on Appropriations had approved a Defense Appropriations Bill prohibiting "double dipping" by retired military personnel employed by the federal government.

The announced purpose of this legislation is to save the U.S. taxpayers money. A careful examination of the true situation and a study of past experience with similar legislation will clearly demonstrate that any significant savings are unlikely. More likely, the proposed legislation will result in additional dollar costs to the U.S. Treasury and much greater hidden costs in loss of skilled services by the U.S. Government.

The military retiree working in a second career is an unavoidable by-product of a system that forces out large numbers of men and women when their economic needs are greatest and their employability is declining. Their particular skills are often of greater value in the federal civil service than in private employment. The military retirees compete like anyone else for civil service employment. There would be no economy in denying their retired pay in such employment, for few would enter the civil service in that event. Their retired pay would continue in alternative private employment, and a substitute civil service employee would be paid by the taxpayer instead. The total cost to the taxpayer would be greater to whatever extent the losses are retired regular officers (they now sacrifice part of their retired pay while in the civil service), the total number of individuals employed would remain the same, but the civil service would have lost the best qualified employee. Worse, the attraction of a military career would have taken another serious blow for no real purpose.

To single out the military alone to sacrifice his earned retirement income in subsequent civil service employment would be grossly unfair discrimination. No such prohibition is proposed for state, municipal, and private business retiree, although many policemen, firemen, and others authorized early retirement are now employed by the federal civil service.

The Honorable George H. Mahon

June 1, 1977

The military retiree in civil service has worked for 20 or more years in the military at low pay in demanding and often dangerous work. 69% are enlisted personnel and 83% of them receive retired pay below the federally established poverty level for a family of four. They have to work. Now, after 20 years devoted to earning a retirement pay that would permit a reasonably comfortable gross income while starting 20 years late in another career, the Appropriations Committee proposes to change the rules. Is it any wonder that there are inadequate volunteers to man our Armed Forces, and some members believe they need unions to protect their interests?

The current proposal to ban dual compensation would not be so distressing if there had not already been adequate experience to prove that such a ban is not in the interest of the US Government. I invite your attention to the enclosed editorial from the "Retired Officer." Also enclosed is a report by the Chairman of the House Committee on Armed Services which analyzes the problem fairly.

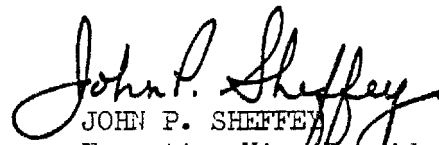
We urgently request that the prohibition against dual compensation be removed from the FY 1978 Defense Appropriations Bill when it is considered by the full Committee on Appropriations.

In addition to your proposal to end dual compensation, it is most distressing to read comments credited to one of your staff members that many retirees are doing unnecessary jobs and that some arrange to get their old jobs back wearing civilian suits. It is requested that a list of these by name and position be made available to us.

We suggest that whenever speaking or writing on this subject, that Members of Congress refrain from the demeaning term "double dipping" which is extremely offensive.

I request an appointment at an early date to discuss this matter with you. A member of my staff will contact your appointments secretary to establish a time and date.

Sincerely,


JOHN P. SHEFFEY
Executive Vice President

JPS:b
Enclosures

"DOUBLE DIPPING"

IN PERSPECTIVE

EDITORIAL

By Col Minter L. Wilson, Jr.
USA-Ret. Editor

Attacks against retired military working in second careers seem as perennial as the crocus in Spring.

Since Congress recognized in the Dual Compensation Act of 1964 that the government was the loser in not hiring military retirees, the critics have been unable to resist trying to make second class citizens of those who have given the best years of their lives in defense of this nation. That the President would join in the so-called "double dipper" smear should be galling to all citizens. Either he hasn't done his homework, or he is the victim of poor advice.

Proven Manpower Resources

The United States can ill afford to waste proven manpower resources. The massive problems with which we are beset demand the most efficient use of our extraordinary talent. Retired military personnel represent a significant segment of that talent.

We are blessed in this country with a military corps of exceptionally high personal and professional caliber. Most of those who have survived 20 to 35 years of intensely competitive military duty have acquired a high order of administrative, technical and/or managerial skills in a wide variety of career fields.

Those who earned their retired pay in the military establishment deserve every opportunity to utilize their knowledge and skills without penalty. As military professionals, they signed on with a specific commitment which included retired pay once their contract was fulfilled. Now that they have "retired," there is no valid reason why their retired pay should be cut, regardless of any new employer.

Many are now trying to compare military with civil service retirees, pointing out that the civilians lose their pension if they go back to government service. So does the retired military man who is recalled to active duty. It should be so. Not until civilian employees of all government agencies voluntarily relinquish certain Constitutional guarantees and agree to accept the discipline and rigors of military life will there be any true comparison between military and civil service careers. Until the day arrives, the uniqueness of the military career must continue to be recognized through special incentives.

Legislative History

The Legislative History accompanying the Dual Compensation Act of 1964 makes clear the intent of Congress. Prior to that Act, some 50 separate statutes and 200 Comptroller General decisions relating to employment of retired military personnel made it difficult for anyone to understand the law. The Act of 1964 simplified and consolidated all these laws and regulations into one manageable statute for the benefit of the Country.

Prior to 1964, a Regular officer or warrant officer, retired for length of service, was prohibited from accepting Federal employment because of the maximum salary limitation (\$2,500, Dual Office Act of 1894; \$10,000, Economy Act of 1932). It was the sense of the Congress "that in many cases the Government may be the loser because of these restrictions. Many skilled technicians, retired at relatively young ages from the Armed Forces, can be effectively utilized in civilian agencies . . . Many of them would prefer to remain in public service and are particularly suited to

Federal employment." Congress saw retired military personnel as "a major source of well-trained prospective employees" and provided in the law for their continued service to the nation.

It was further pointed out that many of the skills possessed by military retirees are not readily available to the government or private enterprise from other sources. To prohibit their Federal employment, Congress held, "does more harm to the prospective employer—the Government—than the prospective employee, who can in many instances find more financially rewarding employment in private industry."

Regretfully, because of discriminatory federal hiring regulations and the inspired insinuations of certain vocal critics that it is somehow wrong for the government to hire such top flight people, only a fraction of them return to government employment after retirement.

CSC Study

A recent Civil Service Commission study (November 1976) showed 141,817 military retirees working for the Federal government on June 30, 1975. The total is probably slightly larger now; however, those are the best figures presently available and will serve for comparison purposes.

The CSC study, conducted for Congress, showed 177 flag rank officers (only about four percent of all flag rank retirees) working for the government. That represents one out of every 16,000 civilian government employees. Similarly retired colonels or equivalent (2486) constitute less than one tenth of one percent of the civil service. All officers hired by government (27,682—5,164 Regular; 22,518 non-Regular) represent not quite one percent of the civilian force and only eight percent of all officer retirees. Enlisted retirees in the federal work force (111,793—109,950 Regulars; 1843 non-Regulars) are just under four percent.

What thinking person would consider those comparisons to be an unwarranted raid on the Federal treasury?

Short-Sighted Effrontery

It would be sheer effrontery to suggest that all persons who have earned retirement incomes from any previous employment forego all or a part of it merely because they are now willing to offer their experience and talent to the government. Is it any more fair or honest to single out the regular military officer for such treatment?

Efforts to curtail or stop the hiring of retired military personnel or to penalize them for accepting such employment, are indeed short-sighted.

Keep The System Honest

Some critics claim that a "buddy system" works to the advantage of the retired military. If that happens in isolated cases, we support corrective action to keep the system honest.

We do not find anything sinister or unfair in the federal government having hired five percent of its total 2,800,000 civilian force from retired military people.

Suggesting that dual compensation laws be rewritten to reduce or exclude retired pay for military retirees who may accept government employment in the future ignores principle. The change which should be made is removal of discrimination against the regular officer.

CHARLES E. BENNETT, FLA.
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RICHARD A. TONRY, LA.

U.S. House of Representatives

COMMITTEE ON ARMED SERVICES

Washington, D.C. 20515

NINETY-FIFTH CONGRESS

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March 8, 1977

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John P. Sheffey
Colonel, US Army (Ret)
5201 Lonsdale Drive
Springfield, Virginia 22151

Dear Colonel Sheffey:

This is to acknowledge receipt of your recent letter concerning an editorial by WMAL Radio regarding post retirement employment of military personnel.

There is enclosed a Fact Sheet which discusses that subject and a number of allied matters.

I hope you find this information helpful.

Sincerely,



Melvin Price
Chairman

MP:rsk
Enclosure

POST RETIREMENT EMPLOYMENT OF RETIRED
MILITARY PERSONNEL IN THE FEDERAL CIVIL SERVICE

The purpose of this paper is to provide information concerning the factors that should be considered when discussing employment of retired military personnel in the Federal civil service.

BACKGROUND

Military retirees are relatively young when retired and almost invariably engage in some form of gainful employment. In most cases such employment is an economic necessity since their retired pay is insufficient to meet their personal and family financial obligations. The average retired pay of military personnel receiving retired pay as of June 30, 1976, was \$554 monthly, or \$6,648 annually.

In recent months, there has been much publicity directed toward retired military personnel employed in the Federal civil service. Under present law, military members who retire after 20 or more years of active duty are eligible to apply to, and if found qualified are employable in, the Federal civil service under the same rules and criteria applicable to other applicants for such employment. (One noteworthy limitation is that a retired military member is ineligible for a civil service appointment in the Department of Defense within 180 days of his retirement. Exceptions to this limitation are authorized (1) in the case of retired military personnel with highly specialized skills which are in short supply; (2) in the event of a national emergency; or (3) when the Secretary or his designee, with the approval of the Civil Service Commission, authorizes such an appointment.)

Retired military members who are employed in the Federal civil service are entitled to full salary for such employment and, except for those officers

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who were retired from a Regular component of a uniformed service,^{1/} are entitled to receive their full retired pay. This is consistent with a philosophy that perceives "salary" as an earned payment for current services and "retired pay" as an earned form of deferred compensation.

QUALIFICATIONS FOR FEDERAL EMPLOYMENT

In consideration of this matter, it must be assumed that the military retiree who is appointed to a Federal position possesses qualifications for that position that are at least equal to, or greater than, those possessed by other applicants for that position. It must also be assumed that the duties of that position are required or authorized to be performed by Federal law.

SHOULD ENTITLEMENT TO MILITARY RETIRED PAY DISQUALIFY AN OTHERWISE QUALIFIED APPLICANT FOR FEDERAL EMPLOYMENT

The remaining issue, then, is whether entitlement to military retired pay should be a factor in considering a person for Federal employment. It has not been suggested that income such as rent from real property, dividends from stocks, or interest from federal bonds or other kinds of income should be a factor in determining whether an individual should be employed by the government. Some persons have proposed that retired military personnel

^{1/} A retired Regular officer who accepts a Federal civilian office is entitled to retain the first \$4,045.16 of his annual retired pay but forfeits 50 percent of any retired pay to which he is entitled in excess of that amount. The initial retained amount (4,045.16) is increased at the same time and by the same percentage that retired pay is increased.

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should not be permitted to fill a Federal position when there are other persons who are not employed. This latter concept appears to advance the view that "need" should be one of the factors in filling Federal civilian positions. Except for special programs designed to alleviate unemployment, "need" has never been, nor should it be, a factor in filling Federal civil service positions. It is a generally accepted rule that the best qualified applicant should be appointed to Federal civil service positions. Based on the above considerations, receipt of retired pay should not be a factor in selecting or rejecting appointees for Federal civil service employment.

If entitlement to retired pay should not be a factor in the employment decision, the issue next focuses on the simultaneous receipt of salary from Federal civil service employment, and retired pay from previous military service. This is perceived as an issue principally because the "Federal Government" is the underlying employer of both the civil servant and the military service member. Certainly no private firm would re-employ a retired former employee and pay both retired pay and full salary. In fact, the Military Departments terminate retired pay for military retirees returned to active duty; and the Federal civil service, in effect, terminates retired pay for re-employed annuitants. In all systems, of course, the re-employed retiree continues to earn more deferred compensation under the retirement system in which he was a retiree. This latter situation is not the case for a military retiree employed in the civil service. The retiree earns credit in the civil service only for that time he is employed in the federal civil service. This is his deferred compensation--earned just like any civil servant. In fact, the military

retiree accrues retirement benefits in the civil service system at the same rate as any other individual just entering the civil service retirement system. (For example, his retirement multiplier is computed based on 1.5 per cent for each of the first five years, 1.75 per cent for each year from five to ten years, and 2 per cent per year thereafter. If he were considered a "reemployed annuitant" with 20 years of Federal (military) service, he would start off earning 2 per cent per year.)

Because the military member is eligible for social security benefits at age 62 based on military earnings, the military retiree can not credit his military years to the civil service retirement system after that age. If such a crediting could be accomplished, then the argument for discontinuing the retired pay of military retirees employed by the Federal civil service would have significantly more merit. However, the retirement systems, as presently operated, view the member as having participated in two distinct systems (as though he were employed by two separate employers). This is similar to the situation experienced by a military (or civil service) retiree who is employed by a private firm, draws his military (or civil service) retired pay, and is paid his civilian earnings.

THE MILITARY RETIREMENT SYSTEM

The more fundamental issue is whether the military retirement system is unduly costly and wasteful of manpower by permitting and requiring military personnel to be retired at an age that is considerably younger than is the practice in civilian life.

The military retirement system as now constituted is designed to insure that military personnel are removed from active service before their ability to perform their military duties has been impaired. That system is the

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product of historical experience: At the beginning of every war in which the United States became involved before the Korean War, large numbers of persons in the active forces were unable to perform the duties required of them in a military environment because of their age or infirmity. The current retirement system has proved its worth by providing for the last thirty years combat-ready armed forces for the first time in our peace-time history.

The question now causing concern in both the Executive and Legislative Branches of the Federal government, as well as in some non-governmental quarters, is whether the retirement system, while assuring the vitality of the armed forces, is unnecessarily costly in terms of dollars and unduly wasteful of manpower by permitting and requiring retirement of personnel at too early an age.

In recent months, the Department of Defense has been conducting the legally required third quadrennial review of the military compensation system. The results of that review have not yet been released. President Carter has directed that the results of that study be referred to a civilian panel with instructions to review that study and the military retirement system to determine what changes, if any, should be proposed. If that panel recommends changes in the compensation or retirement systems, it is assumed they will be referred to the cognizant committees of the Congress for evaluation and, if indicated, appropriate legislative action.

It is not expected that the civilian panel will complete its review of the military compensation system before October 1, 1977. Accordingly, it is expected that action by the Committee on Armed Services will be delayed until receipt of that review.

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Washington, D.C. 20305

29 JUN 1977

O/DCT/alpha

Colonel John P. Sheffey, USA (Ret)
Executive Vice President
National Association for Uniformed Services
956 North Monroe Street
Arlington, Virginia 22201

Dear Colonel Sheffey:

I am pleased to respond to your letter of 16 June 1977 in which you quote The Washington Star of 7 June 1977 of saying I have issued orders "prohibiting new hires of military, Civil Service and Foreign Service retirees". The Washington Star report of a directive I issued on 17 May 1977 is inaccurate and I am pleased to have the opportunity of informing you of the true facts.

There is enclosed with this letter an actual copy of a personnel notice issued by me on 17 May 1977. Only internal administrative markings have been deleted. You will see that what I have undertaken is the establishment of a new procedure which must be followed in hiring annuitants from any Government service, but I have not prohibited same. I recognize my responsibilities to give consideration to hiring any qualified United States citizen for a position where a need exists. I trust, however, that you will also agree with me that I have a responsibility to our currently serving career employees in assuring that they have a capability to compete for any available vacancy for which they are qualified. In this connection you should be made aware that we have serving with us a considerable number of career employees who have retired from the military service and are performing in a fine fashion for us. Their future and career advancement is protected by the policy I announced on 17 May.

I agree with the conclusion in your letter that the issue involved is far from simple. I trust you now appreciate that I have made no "sudden and arbitrary" policy pronouncement nor have I prohibited the further hiring of annuitants. We have endeavored to recognize the complexities of the situation and establish policies which are just and equitable to employees, both current and prospective.

Yours sincerely,

/s/ Stansfield Turner

STANSFIELD TURNER

Enclosure

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*Active Duty; other personnel
are military retirees.

Admiral Stansfield Turner
Director
Central Intelligence Agency
Washington, D. C. 20505

Dear Admiral Turner:

I appreciate your taking time to respond to my letter protesting your policy on hiring retirees, and I am glad to learn that your actual policy is less restrictive than reported in the news.

The CIA, with its fairly large number of retirees from the military and the Foreign Service, does have one of the more difficult problems with the dual compensation issue, and I can understand your concern. NAUS, on the other hand, is deeply concerned with the problem of discrimination against the military retiree who is forced into the job market in his 40's or 50's, often with acquired skills most marketable in other government service. Nothing in his implied contract over his twenty or more years of military service warned him of discrimination in any employment. On the contrary, the retirement benefits and opportunities were one of the greatest attractions held out to recruit and retain him as a careerist. Now, high government officials, members of Congress, and the press are crying "foul" and trying to change the rules when he proceeds to collect on the promises made him.

I have two objections to your policy. First, it is almost certain to be more intimidating in practice than your actual words indicate, and no matter how worthwhile your purposes, it certainly singles out the retired for special discrimination. Second, it seems to ignore the fact that the "buddy system" operates just as extensively among your own career people and in any other organizational group as it does among the retirees on your staff. There's no cure for this human failing, and it affects employers from presidents down to head janitors. The closest thing to a cure is to hold supervisors at every level responsible for hiring and promoting the best available people - even if they happen to be uniformed services retirees. This is all we ask of the CIA.

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July 6, 1977

Admiral Stansfield Turner

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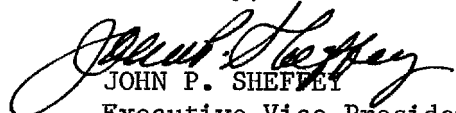
July 6, 1977

NAUS recognizes that some new limitations on dual compensation are probably inevitable. We are trying to contribute to the development of a fair and reasonable policy that does not break faith with career uniformed service people or lessen the attractiveness of a service career.

The President himself has decided that this difficult problem should be treated by his new Military Compensation Commission. We urge that you, too, suspend specific restrictions against the hiring of retirees until a government wide policy is established.

Again, thank you for taking the time to consider our recommendations. We wish you the greatest success in your difficult job.

Sincerely,


JOHN P. SHEFFER
Executive Vice President

JPS:r

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